

ORIGINAL

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - X

UNITED STATES OF AMERICA : FELONY
 : INFORMATION

- v. - :

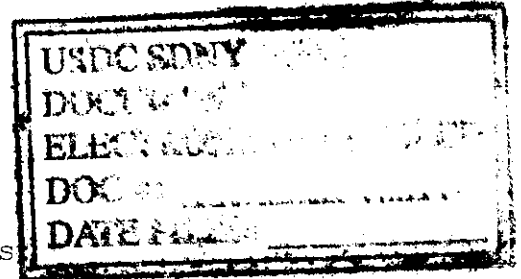
PETER AREST : 08 Cr.

Defendant. :

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COUNT ONE
(Tax Evasion)

The United States Attorney Charges



Background

1. At all times relevant to this Information, PETER AREST, the defendant, was a resident of Greenwich, Connecticut.

2. The 35th Street Hotel Corp., was a corporation that operated the Hotel Metro ("The Hotel Metro"), located on 35th Street in Manhattan. PETER AREST was the manager and partial owner of the 35th Street Corporation.

The Tax Evasion Scheme

3. Beginning in or about 2001 and continuing through in or about 2002, PETER AREST, the defendant, engaged in a scheme to evade and defeat a substantial part of the income taxes due and owing by him to the United States of America for the calendar years 2001 and 2002 by various means, including, among others, causing the Hotel Metro to pay for the costs of a home AREST purchased and caused to be renovated in Greenwich, Connecticut ("The Greenwich

House") and thereafter failing to report as income these payments made on his behalf and for his benefit.

4. AREST concealed his receipt of the payments The Hotel Metro made on his behalf by various means, including, among others:

a. Causing false invoices to be submitted to and paid by The Hotel Metro, which false invoices were designed to conceal payments made to contractors and vendors, located in Westchester County and elsewhere, who provided goods and services to AREST for the construction of The Greenwich House and other personal expenses;

b. Causing false and fraudulent documentation to be submitted to the IRS, including false U.S. Corporation Income Tax Returns, Forms 1120s, which falsely and fraudulently reported that certain deductions in the forms of payments made by The Hotel were bona fide hotel expense payments to third-parties whereas, in truth and fact, the payments constituted additional compensation to AREST, which compensation was not reported by The Hotel or AREST.

5. During the tax years set forth below, PETER AREST, the defendant, received the following amounts of unreported taxable income as a result of his scheme:

YEAR	AMOUNT	Additional Tax
2001	\$139,612	\$47,942
2002	\$42,300	\$14,805

PETER AREST failed to report this income on the U.S. Individual Income Tax Returns, Forms 1040, he filed with the IRS for those tax years.

Statutory Allegations

6. From on or about January 1 of both of the calendar years set out below, through on or about October 15, of the year following each said calendar year, in the Southern District of New York and elsewhere, PETER AREST, the defendant, unlawfully, wilfully, and knowingly, did attempt to evade and defeat a substantial part of the income tax due and owing by him to the United States of America for each of the said calendar years by various means, including, among other things, by preparing and causing to be prepared, by signing and causing to be signed, and by filing and causing to be filed with the Internal Revenue Service, false and fraudulent United States Individual Income Tax Returns, Forms 1040, for the calendar years 2001 and 2002, wherein PETER AREST failed to report substantial amounts of income that was paid to him by The Hotel Metro disguised as legitimate hotel expenses and thus falsely stated that his taxable income was in the amounts set forth below, and that the amount of tax due and owing thereon was in the amounts set forth below, whereas, as PETER AREST, the defendant, then and there well knew and believed, the correct taxable income and correct tax due and owing for the calendar years 2001 and 2002 was substantially in excess of the amounts reported, as set forth below:

<u>CALENDAR YEAR</u>	<u>REPORTED TAXABLE INCOME</u>	<u>TAX PAID</u>	<u>CORRECTED TAXABLE INCOME</u>	<u>ADDITIONAL TAX DUE AND OWING</u>
2001	\$363,965	\$115,232	\$505,766	\$47,942
2002	\$221,560	\$74,236	\$265,129	\$14,805

(Title 26, United States Code, Section 7201.)


MICHAEL J. GARCIA
United States Attorney